



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

March 18, 2004

Ralph Simpson
929 North 2500 West
Vernal, Utah 84078

Subject: Changing Cash Reclamation Surety to a Certificate of Deposit, Homer & Bart's Mine, S/047/078, Uintah County, Utah

Dear Mr. Simpson:

We have now received the \$5,000 check from the State Treasurers office which was posted as a cash reclamation surety bond for your Homer & Bart's small mine site. We are prepared to deposit the check into your account at Zions First National Bank; this deposit should be in place by early next week.

Enclosed is a CD cover letter which you need to sign and then take the cover letter to your bank and have them issue the \$5,000 CD listing you as the owner of the CD, but for the benefit of the State of Utah, Division of Oil, Gas and Mining and the School and Institutional Trust Lands Administration for the Homer & Bart's Mine, S/047/078. I have enclosed a sample certificate that was made out by Wells Fargo Bank as a guideline for the bank to make out the certificate.

When the CD is completed, have the bank place the CD number on the 1st page of the cover letter, then return the original CD and original cover letter to us. We will then have the other signatures affixed and return a copy of the executed documents to you for your records.

Thank you for your help and patience in all this. It turned into quite an ordeal for all of us. If you have any further questions on this, please contact me at (801) 538-5291.

Sincerely,

Joelle Burns
Engineering Tech

Enclosure: CD cover letter & example CD

cc: John Blake, SITLA

O:\M047-Uintah\S0470078-Simpson\final\CD-ltr-03182004.doc



OLENE S. WALKER
Governor
GAYLE F. McKEACHNIE
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

March 18, 2004

Zions First National Bank
3 West Main
Vernal, Utah 84078
(435) 789-7082

Attention: Annette Pullin, Assistant Manager

Subject: Reclamation Surety, Certificate of Deposit for Ralph Simpson's Homer & Barts Mine Site,
S/047/078, Uintah County, Utah
Certificate of Deposit no. _____; Principal Amount \$5,000.00

This letter describes the mutually agreed upon instructions of the below signed parties to Zions First National Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Homer & Barts mine site ("Mine Site"), Uintah County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$5,000.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the School and Institutional Trust Lands Administration ("SITLA") upon demand in the event that the operator of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Ralph Simpson, an individual, ("Owner"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining, and SITLA and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of SITLA.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining, and the authorized officer of SITLA to the Bank. Upon the instruction and demand of both the Director, and the authorized officer of SITLA, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners control, or if Owner does not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only both the Director of the Division, and the authorized officer of SITLA may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of both the Director of the Division, and the authorized officer of SITLA to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$5,000.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

Utah Division of Oil, Gas & Mining

By: _____
Lowell P. Braxton, Director

Date: _____

School and Institutional Trust Lands Administration

By: _____
Kevin Carter, Director

Date: _____

Ralph Simpson

By: _____
Ralph Simpson, Owner/Operator
SS Number:

Date: _____

Zions First National Bank

By: _____
Annette Pullin, Assistant Manger

Date: _____

RECEIVED

FEB 26 2004

DIV. OF OIL, GAS & MINING

WELLS
FARGOTime Account
Receipt/Disclosure

m/0011

Bank name

Wells Fargo Bank, N.A.

Time Account number

Date opened

02/26/2004

Term of Time Account

60 months days

Maturity date

Your Time Account will mature on

02/26/2009

Interest rate

3.15

Fixed rate

X

Variable rate

Annual percentage yield

3.20

Interest will be paid

EVERY 03 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renew ability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT

AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

SEVENTY FOUR THOUSAND NINE HUNDRED FORTY ONE AND 0/100

\$ 74,941.00

Your name and address

FOR THE BENEFIT OF THE STATE OF UTAH DIVISION OF OIL GAS & MINING
U.S DEPT OF INTERIOR -BLM & UT SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMIN- OWNER COMPANY-J

MINE M/001

operator's address

02/26/2004 10:14

U0176 02865 Bank# 00119

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W60166

Time Account
Receipt/DisclosureWELLS
FARGO

Bank name

Wells Fargo Bank, N.A.

Time Account number

Date opened

02/26/2004

Term of Time Account

60 months days

Maturity date

Your Time Account will mature on

02/26/2009

Interest rate

3.15

Fixed rate

X

Variable rate

Annual percentage yield

3.20

Interest will be paid

EVERY 03 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renew ability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT

AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

SEVENTY FOUR THOUSAND NINE HUNDRED FORTY ONE AND 0/100

\$ 74,941.00

Your name and address

FOR THE BENEFIT OF THE STATE OF UTAH DIVISION OF OIL GAS & MINING
U.S DEPT OF INTERIOR -BLM & UT SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMIN- OWNER COMPANY-J

MINE M/001

operator's address

02/26/2004 10:14

U0176 02865 Bank# 00119

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W60166

RECON PLUS - Credit Certificates in Progress

CODE: 119 UT

Wells Fargo Bank

APPROVER